BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF NEWFIELD PRODUCTION COMPANY FOR AN ORDER POOLING ALL INTERESTS IN THREE STAND-UP (VERTICAL) 1,280-ACRE (OR SUBSTANTIAL EQUIVALENT) DRILLING UNITS ESTABLISHED BY THE BOARD'S ORDER IN CAUSE NO. 139-134, AND MODIFYING, IN PART, TWO FORCE-POOLING ORDERS ENTERED BY THE BOARD IN CAUSES NOS. 139-115 AND 139-121, SECTIONS 2 AND 11, 4 AND 9, AND 6 AND 7, TOWNSHIP 3 SOUTH, RANGE 2 WEST, USM, DUCHESNE COUNTY, UTAH	**[PROPOSED] FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER** **Docket No. 2016-010** **Cause No. 139-137**

This Cause came on regularly for hearing before the Utah Board of Oil, Gas, and Mining (the "Board") on Wednesday, April 27, 2016, at the hour of approximately 11:00 a.m. in the Auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah. The following Board members were present and participated at the hearing: Ruland J Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. (Board members Michael R. Brown, Susan S. Davis, and Richard K. Borden were excused.) John R. Baza, Director; John C. Rogers, Associate Director, Oil and Gas; Brad Hill, Oil and Gas Permitting Manager; and Dustin Doucet, Petroleum Engineer, were present for the Utah Division of Oil, Gas and Mining (the "Division") at the hearing. The Division was represented by Melissa L, Reynolds, Assistant Attorney General, and the Board was represented by Michael S. Johnson,

Assistant Attorney General. The Division expressed its support for granting Newfield's Request for Agency Action in this Cause (the "Request").

The petitioner, Newfield Production Company ("Newfield"), was represented by Thomas W. Clawson of MacDonald & Miller, Mineral Legal Services, PLLC, and Travis Lindsey, Newfield's Landman, testified on behalf of Newfield at the hearing. Other than Newfield and the Division, no person or party filed a response to Newfield's Request and no other person or party appeared at or participated in the April 27, 2016 hearing in opposition to Newfield's Request in this matter.

At the beginning of the April 27, 2016 hearing, Newfield made an oral motion requesting that the Board take official notice of the records and proceedings in Cause No. 139-134, a prior spacing proceeding affecting all of the "Subject Lands" (as that term is defined herein), and Causes Nos. 139-115 and 139-121, prior force-pooling proceedings affecting, with the exception of subject Section 6, all of the Subject Lands.

The Board granted Newfield's motion and voted unanimously to approve Newfield's Request.

The Board, having fully considered the testimony adduced and the exhibits received into evidence at the April 27, 2016 hearing, being fully advised, and good cause appearing, hereby makes the following findings of fact, conclusions of law, and order in this Cause:

FINDINGS OF FACT

1. Notices of the time, place, and purposes of the Board's regularly scheduled April 27, 2016 hearing were mailed to all locatable interested parties by first-class mail, postage prepaid, and were duly published in The Salt Lake Tribune, Deseret Morning News, and the

Uintah Basin Standard pursuant to the requirements of Utah Administrative Code ("U.A.C.") Rule R641-106-100. Copies of the Request were mailed to all locatable interested parties pursuant to U.A.C. Rule R641-104-135.

2. Newfield Production Company is a Texas corporation in good standing, having its principal place of business for its Rocky Mountain operations in The Woodlands, Texas. Newfield is qualified to do and is doing business in Utah, and is fully and appropriately bonded with all relevant Federal, Indian, and State of Utah agencies.

3. Newfield's Request seeks an order issued by the Board pooling all interests within three 1,280-acre drilling units comprising all of Sections 2 and 11, 4 and 9, and 6 and 7, Township 3 South, Range 2 West, U.S.M., Duchesne County, Utah, respectively (collectively, the "Subject Lands").

4. All of the Subject Lands are subject to that certain Findings of Fact, Conclusions of Law and Order entered by the Board in Cause No. 139-134 on July 21, 2015 (the "139-134 Order"), which established stand-up (vertical) 1,280-acre (or substantial equivalent) drilling units for the production of oil, gas, and associated hydrocarbons from the Lower Green River-Wasatch transitional formations defined as follows (the "Spaced Interval"):

> the interval from the top of the Lower Green River formation (TGR_3 marker) to the base of the Green River-Wasatch formations (top of Cretaceous), which base is defined as the stratigraphic equivalent of the Dual Induction Log depths of 16,720 feet in the Shell-Ute 1-18B5 well located in the S½NE¼ of Section 18, Township 2 South, Range 5 West, U.S.M., and 16,970 feet in the Shell-Brotherson 1-11B4 well located in the S½NE¼ of Section 11, Township 2 South, Range 4 West, U.S.M.

5. By establishing the 1,280-acre drilling unit in subject Sections 2 and 11, the 139-134 Order modified that certain Findings of Fact, Conclusions of Law and Order entered by the Board in Cause No. 139-113 (the "139-113 Order") with respect to the Uteland Butte Member of the Lower Green River formation (as described in the 139-113 Order) and that certain Findings of Fact, Conclusions of Law and Order entered by the Board in Cause No. 139-90 (the "139-90 Order") with respect to the Lower Green River-Wasatch formation (as described in the 139-90 Order), which formations include the above-referenced Uteland Butte Member. By establishing the 1,280-acre drilling unit in subject Sections 4 and 9, the 139-134 Order modified that certain Findings of Fact, Conclusions of Law and Order entered by the Board in Cause No. 139-98 (the "139-98 Order") also with respect to the Uteland Butte Member of the Lower Green River formation (as described in the 139-98 Order). By establishing the 1,280-acre drilling unit in subject Sections 6 and 7, the 139-134 Order modified the 139-90 Order with respect to the Lower Green River-Wasatch formation (as described in the 139-90 Order).

6. Sections 7 and 9 are subject to that certain Findings of Fact, Conclusions of Law, and Order entered by the Board in Cause No. 139-115 on April 7, 2014 (the "139-115 Order"), which pooled the interests of certain "Nonconsenting Owners" (as defined in the 139-115 Order) in two sectional 640-acre drilling units established for the production of oil, gas, and associated hydrocarbons from the Spaced Interval for the following wells located in and producing from said Section 7 and Section 9:

a. Ute Tribal #6-7-3-2W Well (API #43-013-51033) (the "Ute Tribal #6-7 Well") located in the SE¼NW¼ of subject Section 7. The Ute Tribal #6-7 Well is a vertical well.

b. Ute Tribal #14-9-3-2W Well (API #43-013-51312) (the "Ute Tribal #14-9 Well") located in the SE¼SW¼ of subject Section 9. The Ute Tribal #14-9 Well is a vertical well.

7. Section 11 is subject to that certain Findings of Fact, Conclusions of Law, and Order entered by the Board in Cause No. 139-121 on August 27, 2014 (the "139-121 Order"), which pooled the interests of certain "Nonconsenting Owners" (as defined in the 139-121 Order) in a sectional 640-acre drilling unit affecting subject Section 11 established for the production of oil, gas, and associated hydrocarbons from the "Section 11 Spaced Interval" (as defined in the 139-121 Order), which is included in the Spaced Interval, for the following well located in Section 11:

a. State #4-11-3-2WH Well (API #43-013-51923) (the "State Well") whose surface location is located directly north of Section 11, in the SW¼SW¼ of adjacent Section 2. The State Well encountered the Section 11 Spaced Interval in the NW¼NW¼ of Section 11 and its bottomhole location in the Section 11 Spaced Interval is in the SW¼SW¼ of that section. The State Well is a short-lateral sectional horizontal well.

8. Sections 2 and 11 and Sections 4 and 9 also are subject to the 139-121 Order, which pooled the interests of certain "Nonconsenting Owners" (as defined in the 139-121 Order) in two 1,280-acre drilling units established for the production of oil, gas, and associated hydrocarbons from the "Uteland Butte Spaced Interval" (as defined in the 139-121 Order), which is included in the Spaced Interval, for the following wells located in the relevant sections:

a. Velma #2-11-3-2WH Well (API #43-013-51716) (the "Velma Well") whose surface location is located in the SW¼SE¼ of Section 2. The Velma Well encountered the Uteland Butte Spaced Interval in the NW¼NE¼ of Section 11 and its bottomhole location in the Uteland Butte Spaced Interval is in the SW¼SE¼ of that section. The Velma Well is a short-lateral sectional horizontal well.

b. Jorgensen #2-4-9-3-2WH Well (API #43-013-52107) (the "Jorgensen Well") whose surface location is located in the NW¼NE¼ of Section 4 and its bottomhole location is in the SW¼SE¼ of Section 9. The Jorgensen Well is a long-lateral horizontal well.

c. Ute Tribal #13-9-4-3-2WH Well (API #43-013-52079) (the "Ute Tribal #13-9-4 Well") whose surface location is located directly south of Section 9, in the NE¼NW¼ of adjacent Section 16. The Ute Tribal #13-9-4 Well encountered the Uteland Butte Spaced Interval in the SW¼SW¼ of Section 9 and its bottomhole location in the Uteland Butte Spaced Interval is in the NW¼NW¼ of Section 4. The Ute Tribal #13-9-4 Well is a long-lateral horizontal well.

d. Ute Tribal #14-9-4-3-2WH Well (API #43-013-52080) (the "Ute Tribal #14-9-4 Well") whose surface location is located directly south of Section 9, in the NE¼NW¼ of adjacent Section 16. The Ute Tribal #14-9-4Well encountered the Uteland Butte Spaced Interval in the SE¼SW¼ of Section 9 and its bottomhole location in the Uteland Butte Spaced Interval is in the NE¼NW¼ of Section 4. The Ute Tribal #14-9-4 Well is a long-lateral horizontal well. (Collectively, the Ute Tribal #6-7, Ute Tribal #14-9, State, Velma, Jorgensen, Ute Tribal #13-9-4, and Ute Tribal #14-9-4 Wells are hereinafter referred to as the "Subject Wells.")

The Board hereby takes official notice of the records and proceedings in Causes Nos. 139-134, 139-115, and 139-121.

9. Section 6 is subject to the 139-134 Order, but is not subject to a compulsory pooling order.

10. The minerals in Sections 2 and 11 are owned by the State of Utah and numerous private (fee) owners as identified on the Newfield's Exhibit 4A, which was admitted into evidence and the record. Newfield and the other working interest owners or participating mineral interest owners, Crescent Point Energy U.S. Corp. ("Crescent Point"), Axia Energy II, LLC ("Axia"), QEP Resources, Inc. ("QEP"), Thomas Lee, and Andi Lee have leased or control 99.803180% of the oil and gas minerals in said Sections 2 and 11. All of such leases provide that the lessee may pool the lease with other leases. Newfield, Crescent Point, Axia, QEP, Thomas Lee, and Andi Lee have executed joint operating agreements similar in form to the operating agreement admitted into evidence and the record as Newfield's Exhibit 6 (the "JOA"), which name Newfield as Operator and voluntarily pool the working interests (and participating mineral interests) in the Subject Lands beneath Sections 2 and 11. The total working and mineral interests committed to the Subject Wells in Section 2 and 11 is 99.803180%. The unleased and uncommitted mineral interests in Sections 2 and 11 are owned (in the indicated percentages) by the following parties: Colleen Doyle (0.097328%); Michael McCarrell (0.018384%); Frank T. Horsley, Jr. (0.016221%); Debra Horsley (0.016221%); Bret Horsley (0.016221%); John Lee Richie (0.014194%); James L. Richie (0.014194%); Jason Richie

(0.002028%); and Joseph Richie (0.002028%), all as identified on Newfield's Exhibit 5A, as admitted into evidence and the record.

11. The minerals in Sections 4 and 9 are owned by the Ute Indian Tribe, Ute Distribution Corporation, and numerous private (fee) owners as identified in Newfield's Exhibit 4B. Newfield and the other working interest owners, Crescent Point and Axia, have leased 99.229500% of the oil and gas minerals in said Sections 4 and 9. All of such leases provide that the lessee may pool the lease with other leases. Newfield, Crescent Point, and Axia have executed joint operating agreements similar in form to the JOA, which name Newfield as Operator and voluntarily pool the working interests in the Subject Lands beneath said Sections 4 and 9. The total working and mineral interests committed to the Subject Wells in Section 4 and 9 is 99.229500%. The unleased and uncommitted mineral interests in said Sections 4 and 9 are owned (in the indicated percentages) by the following parties: Neil R. Lemon (0.311565%); Lillian F. Smith, J. Fish Smith, Menlo F. Smith as Trustee U/A Dated 10/10/1972 for Lillian F. Smith (0.284792%); Beverly Fenn, individually, and as Guardian for the Minor Heirs of Douglas Fenn (0.102232%); Harriet Richens (0.032455%); Shawn Richens (0.008114%); Karl Ray Richens (0.008114%); Carolyn Olsen (0.003560%); Nancy Rhodes (0.002848%); Doug Rhodes (0.002848%); Daniel Rhodes (0.002848%); David Rhodes (0.002848%); Peggy Rhodes (0.002848%); Janeil Hicks (0.001139%); Laura Macfarlane (0.000949%); Craig Macfarlane (0.000949%); Dawn Soger (0.000380%); Marie Ann Arrington (0.000380%); Shirley Marie Cope (0.000380%); Steve Smith (0.000228%); Shawn Smith (0.000228%); Donald Smith (0.000228%); Leland Jay Smith (0.000142%); Ethan Smith (0.000142%); Wesley Clay Smith (0.000142%); and Thaniel G. Smith (0.000142%), all as identified in Newfield's Exhibit 5B.

12. The minerals in Sections 6 and 7 are owned by the Ute Indian Tribe, Ute Distribution Corporation, Indian allottees, the United States of America, and numerous private (fee) owners as identified in Newfield's Exhibit 4C. Newfield and the other working interest owners, Crescent Point, Axia, QEP Energy Company, and Blue Diamond Oil Corporation ("Blue Diamond") have leased 99.899842% of the oil and gas minerals in said Sections 6 and 7. All of such leases provide that the lessee may pool the lease with other leases. Newfield, Crescent Point, Axia, and QEP Energy Company have executed joint operating agreements similar in form to the JOA, which name Newfield as Operator and voluntarily pool the working interests in the Subject Lands beneath said Sections 6 and 7. Newfield and Blue Diamond are currently negotiating a similar form of JOA, and Blue Diamond has indicated that it is willing to participate going forward in the Subject Well located in Sections 6 and 7. The total working and mineral interests committed to this well is 99.899842%. The unleased and uncommitted mineral interests in said Sections 6 and 7 are owned (in the indicated percentages) by the following parties: Neil R. Lemon (0.079086%); Grace Palmer (0.013181%); Ernan H. Smith (0.001446%); Agnes H. Smith (0.001446%); Carolyn Olsen, heir of Ruth T. Doxey, an heir of Sara Tanner (0.000904%); David Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner (0.000723%); Peggy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner (0.000723%); Daniel Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner (0.000723%); Doug Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner (0.000723%); Nancy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner (0.000723%); Laura Macfarlane, heir of Norene Miller (0.000241%); Craig Macfarlane, heir of Norene Miller (0.000241%), all as identified in Newfield's Exhibit 5C.

(Collectively, Newfield, Crescent Point, Axia, QEP, Thomas Lee, Andi Lee, QEP Energy Company, and Blue Diamond are hereinafter referred to as the "Consenting Owners.")

13. Newfield has conducted a thorough title examination of the mineral ownership in the Subject Lands in an effort to identify and locate the owners of those interests, including the following parties: Agnes H. Smith, Shawn Smith, and Steve Smith (together, the "Unlocatable Nonconsenting Owners"). Newfield's earlier efforts to locate the Unlocatable Nonconsenting Owners are described in Newfield's testimony and Land Exhibits admitted into evidence and the records in Causes Nos. 139-115 and 139-121. Following the efforts Newfield made as part of those prior force-pooling proceedings, Newfield has continued to update its ownership records as new information has become available. Despite Newfield's diligent search, the Unlocatable Nonconsenting Owners cannot be located.

14. Personalized notice was given to the Unlocatable Nonconsenting Owners in connection with the Board's regularly published notice, which was published on April 3, 2016, in The Salt Lake Tribune and Deseret Morning News, and on April 5, 2016, in the Uintah Basin Standard (collectively, the "Published Notice"). The Published Notice provided notice to the Unlocatable Nonconsenting Owners of Newfield's Request and the Board's April 27, 2016 hearing.

15. Newfield has made a good faith effort to locate the Unlocatable Nonconsenting Owners. Newfield's earlier efforts to reach agreement with the remaining mineral interest owners are described in Newfield's testimony and Land Exhibits admitted into evidence and the records in Causes Nos. 139-115 and 139-121. Newfield has in good faith attempted to reach agreement with Colleen Doyle; Michael McCarrell; Frank T. Horsley, Jr.; Debra Horsley; Bret

Horsley; John Lee Richie; James L. Richie; Jason Richie; Joseph Richie; Neil R. Lemon; Lillian F. Smith, J. Fish Smith, Menlo F. Smith as Trustee U/A Dated 10/10/1972 for Lillian F. Smith; Beverly Fenn, individually, and as Guardian for the Minor Heirs of Douglas Fenn; Harriet Richens; Shawn Richens; Karl Ray Richens; Carolyn Olsen; Nancy Rhodes; Doug Rhodes; Daniel Rhodes; David Rhodes; Peggy Rhodes; Janeil Hicks; Laura Macfarlane; Craig Macfarlane; Dawn Soger; Marie Ann Arrington; Shirley Marie Cope; Donald Smith; Leland Jay Smith; Ethan Smith; Wesley Clay Smith; Thaniel G. Smith; Grace Palmer; Ernan H. Smith; Carolyn Olsen, heir of Ruth T. Doxey, an heir of Sara Tanner; David Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Peggy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Daniel Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Doug Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Nancy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Laura MacFarlane, heir of Norene Miller; and Craig MacFarlane, heir of Norene Miller (collectively, the "Locatable Nonconsenting Owners") to either lease their interests or obtain agreements for such owners to bear their proportionate share of the costs of the respective pertinent Subject Wells.

16. No Unlocatable Nonconsenting Owner and no Locatable Nonconsenting Owner (together, the "Nonconsenting Owners") filed a response to the Published Notice or the Request or otherwise participated at the April 27, 2016 hearing.

17. Forced pooling of the Nonconsenting Owners' interests in the applicable drilling units comprising the Subject Lands will promote the public interest, increase ultimate recovery, prevent waste, and protect the correlative rights of all owners.

18. To facilitate establishing the 1,280-acre drilling units under the 139-134 Order and the allocation of production therefrom, Newfield, as the majority "Consenting Owner" (as defined in the 139-115 Order and the 139-121 Order (together, the "Compulsory Pooling Orders")) and without objection from the other such "Consenting Owners," stipulated to waive and forgo, effective as of August 1, 2015—the effective date of the 139-134 Order as to the Subject Lands—any further recoupment of outstanding risk assessment awards (non-consent penalties) relating to the vertical and short-lateral sectional horizontal wells on the Subject Lands; and to declare full reversion of the relinquished interests therein to the "Nonconsenting Owners" (as defined in the Compulsory Pooling Orders) so as to allow development of the Subject Lands on a prospective "go-forward" basis. Newfield's intent was to waive any further recoupment of the risk assessment awards (non-consent penalties) only from the vertical and short-lateral sectional horizontal wells in existence on the Subject Lands as of the June 24, 2015 hearing in Cause No. 139-134, but not from any long-lateral horizontal wells already subject to a Compulsory Pooling Order where the allocation of production was based on a 1,280-acre drilling unit as of said hearing date.

19. Both Compulsory Pooling Orders imposed a risk assessment award (non-consent penalty) as provided under Utah Code Ann. § 40-6-6.5(4)(d)(i)(D) on each "Nonconsenting Owner's" (as defined in the Compulsory Pooling Orders) share of the costs of locating, drilling, completing, and other associated costs for the applicable Subject Well, including applicable interest charges thereon, until payout occurs. The Compulsory Pooling Orders provided that payout occurs when the "Consenting Owners" have fully recouped from the "Nonconsenting Owners" such "Nonconsenting Owner's" allocated share of the costs and expenses incurred in

drilling and completing an applicable Subject Well, together with the risk assessment award (non-consent penalty) and interest.

20. Both Compulsory Pooling Orders also provide that each such "Nonconsenting Owner's" interest shall be deemed relinquished to the applicable "Consenting Owners" (as defined in the Compulsory Pooling Orders) in each such well during the period of payout for the applicable well until payout occurs. The Compulsory Pooling Orders further provide that upon payout, the applicable "Nonconsenting Owner's" relinquished interest automatically reverts to the "Nonconsenting Owner," and such owner shall from that time forward own the same interest in the pertinent Subject Well and the production from it, and shall be liable for the further costs of operation of such well, as if such owner had participated in the initial drilling and completion operations of the well. The Compulsory Pooling Orders also provide that during the period of payout, each such "Nonconsenting Owner" is to receive a weighted average landowner's royalty as prescribed by Section 40-6-6.5(6)(a) of the Utah Code and as specified in the Compulsory Pooling Orders.

21. Based on the "Consenting Owners'" stipulation and waiver of any further recoupment of the risk assessment awards (non-consent penalties) relating to the vertical and short-lateral sectional horizontal Subject Wells, payout of the applicable risk assessment award (non-consent penalty), including the associated interest thereon, for each vertical and short-lateral sectional horizontal Subject Well is hereby deemed to have occurred on August 1, 2015. Provided however, payout of the actual drilling, completion, and operating costs and expenses for such Subject Wells is not deemed to have occurred hereunder. Also, no payout shall not be

deemed to have occurred on August 1, 2015, with respect to the Jorgensen Well, the Ute Tribal #13-9-4 Well, and the Ute Tribal #14-9-4 Well, the long-lateral horizontal Subject Wells that are subject to a Compulsory Pooling Order where the allocation of production is based on a 1,280-acre drilling unit as of June 24, 2015, the hearing date in Cause No. 139-134.

22. Newfield's evidence established that an interest charge of the Prime Rate plus 2% to be imposed on outstanding costs and expenses is reasonable and appropriate. The "Prime Rate" is defined as the prime rate reported by Wells Fargo Bank in Salt Lake City, or, if Wells Fargo ceases to exist or to report a prime rate, then the Prime Rate shall be the prime rate reported by a comparable bank operating in the State of Utah.

23. Newfield provided testimony that the estimated net plugging and abandoning costs for each Subject Well will be and is $75,000, based on a 100% working interest ownership. These costs are deemed justified, fair, and reasonable.

24. There are no written agreements for the pooling of the Nonconsenting Owners' interests in the drilling units comprising the Subject Lands.

25. The A.A.P.L. Form 610-1989 Model Form Operating Agreement introduced into evidence and admitted to the record at the hearing as Exhibit 6 (JOA), is based on a standard form of operating agreement, which contains fair and reasonable terms and conditions that are commonly used by Newfield and its partners in the vicinity of the Subject Lands. The JOA contains provisions appropriate to govern the relationship between Newfield, as the Operator of the drilling units comprising the Subject Lands and the Subject Wells, and the Consenting and Nonconsenting Owners to the extent those provisions are consistent with the applicable statutes

and the Board's Order entered in this Cause and address issues not expressly addressed in those statutes or the Board's Order.

26. The Board voted unanimously to approve Newfield's Request.

CONCLUSIONS OF LAW

1. Due and regular notice of the time, place, and purposes of the Board's regularly scheduled April 27, 2016 hearing was given to all interested parties in the form and manner and within the time required by law and the rules and regulations of the Board. Due and regular notice of the filing of the Request was given to all interested parties in the form and manner required by law and the rules and regulations of the Board.

2. Pursuant to Sections 40-6-5 and 40-6-6.5 of the Utah Code, the Board has jurisdiction over all matters covered by the Request and all interested parties therein, and has the power and authority to make and issue an order thereunder and as herein set forth.

3. Good cause appears to grant the Request regarding the forced-pooling of the mineral interests and working interests of the Nonconsenting Owners in the Spaced Intervals beneath the Subject Lands, as provided herein.

4. Declaring the Subject Wells as authorized wells for the drilling and spacing units established within the Subject Lands is just and reasonable under the circumstances.

5. Newfield has sustained its burden of proof, demonstrated good cause, and satisfied all legal requirements for granting the Request.

6. Newfield properly served all mineral interest and working interest owners having legally protected interests, and thereby entitled to notice, by either mailing copies of the Request to those owners or by serving such notice by publication.

7. The Nonconsenting Owners are deemed "nonconsenting owners," as that term is defined in Section 40-6-2(11) of the Utah Code as relating to the applicable Subject Wells.

8. Newfield, as Operator and on behalf of itself, Crescent Point, Axia, QEP, QEP Energy Company, Thomas Lee, Andi Lee, and Blue Diamond are deemed "consenting owners," as that term is defined in Section 40-6-2(4) of the Utah Code, as relating to the applicable Subject Wells.

9. Based on the "Consenting Owners'" stipulation and waiver of any further recoupment of the risk assessment awards (non-consent penalties) relating to the vertical and short-lateral sectional horizontal Subject Wells, it is fair, just, reasonable, and protective of correlative rights to deem payout of such risk assessment awards (non-consent penalties), including associated interest thereon, as having occurred as of August 1, 2015, under the circumstances involving the establishment of the applicable 1,280-acre drilling units under the 139-134 Order and the pooling of all interests therein in this Cause.

10. The personalized Published Notice to the Unlocatable Nonconsenting Owners is adequate to apprise them of Newfield's Request and the Board's April 27, 2016 hearing in this Cause and their opportunity to participate in this proceeding.

11. The Request and evidence adduced at the April 27, 2016 hearing establish the need for forced-pooling upon terms that are just and reasonable.

12. Given the Indian-owned minerals in portions of the Subject Lands, communitization agreements are required to commit the Indian-owned minerals to cooperative development plans in those lands conforming to the Order in Cause No. 139-134. An order force-pooling the Nonconsenting Owners' interests in the drilling units comprising subject

Sections 4 and 9, and 6 and 7 will facilitate the Bureau of Indian Affairs approving such communitization agreements pursuant to Federal regulatory guidelines and practices.

13. Pooling the applicable interests of all Consenting Owners with the Nonconsenting Owners in this Cause will promote the public interest, prevent waste of the oil and gas resources, maximize the potential for ultimate production of those resources, and protect the correlative rights of all owners to their just and equitable shares of the pools in the Spaced Intervals.

14. The forced-pooling of the interests belonging to:

a. Colleen Doyle; Michael McCarrell; Frank T. Horsley, Jr.; Debra Horsley; Bret Horsley; John Lee Richie; James L. Richie; Jason Richie; and Joseph Richie in the drilling unit comprising Sections 2 and 11;

b. Neil R. Lemon; Lillian F. Smith, J. Fish Smith, Menlo F. Smith as Trustee U/A Dated 10/10/1972 for Lillian F. Smith; Beverly Fenn, individually, and as Guardian for the Minor Heirs of Douglas Fenn; Harriet Richens; Shawn Richens; Karl Ray Richens; Carolyn Olsen; Nancy Rhodes; Doug Rhodes; Daniel Rhodes; David Rhodes; Peggy Rhodes; Janeil Hicks; Laura Macfarlane; Craig Macfarlane; Dawn Soger; Marie Ann Arrington; Shirley Marie Cope; Steve Smith; Shawn Smith; Donald Smith; Leland Jay Smith; Ethan Smith; Wesley Clay Smith; and Thaniel G. Smith in the drilling unit comprising Sections 4 and 9; and

c. Neil R. Lemon; Grace Palmer; Ernan H. Smith; Agnes H. Smith; Carolyn Olsen, heir of Ruth T. Doxey, an heir of Sara Tanner; David Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Peggy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Daniel Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Doug Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Nancy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Laura Macfarlane, heir

of Norene Miller; Craig Macfarlane, heir of Norene Miller in the drilling unit comprising Sections 6 and 7 under the terms and conditions set forth herein and paragraph 16 of the Request is just and reasonable, and insures all parties will receive their fair and equitable share of production from the Subject Wells.

15. Pursuant to Rule R641-108-204, U.A.C., the Board may take official notice of the records and proceedings in Causes Nos. 139-134, 139-115, and 139-121.

ORDER

Based upon the Request, the testimony and evidence submitted and entered, and the findings of fact and conclusions of law as stated above, it is therefore ordered that:

1. Newfield's Request seeking forced-pooling of the interests of the Nonconsenting Owners identified in Findings of Fact Nos. 10, 11, 12, and 13 herein in the Spaced Interval beneath the Subject Lands is granted.

2. The Subject Wells as described in Findings of Fact Nos. 6, 7, and 8 herein are hereby designated as authorized wells for the drilling units comprising the Subject Lands established by the Order in Cause No. 139-134.

3. The following owners are "Nonconsenting Owners" as such term is defined in Section 40-6-2(11) of the Utah Code:

a. Colleen Doyle; Michael McCarrell; Frank T. Horsley, Jr.; Debra Horsley; Bret Horsley; John Lee Richie; James L. Richie; Jason Richie; and Joseph Richie with respect to Sections 2 and 11;

b. Neil R. Lemon; Lillian F. Smith, J. Fish Smith, Menlo F. Smith as Trustee U/A Dated 10/10/1972 for Lillian F. Smith; Beverly Fenn, individually, and as Guardian for the

Minor Heirs of Douglas Fenn; Harriet Richens; Shawn Richens; Karl Ray Richens; Carolyn Olsen; Nancy Rhodes; Doug Rhodes; Daniel Rhodes; David Rhodes; Peggy Rhodes; Janeil Hicks; Laura Macfarlane; Craig Macfarlane; Dawn Soger; Marie Ann Arrington; Shirley Marie Cope; Steve Smith; Shawn Smith; Donald Smith; Leland Jay Smith; Ethan Smith; Wesley Clay Smith; and Thaniel G. Smith with respect to Sections 4 and 9; and

c. Neil R. Lemon; Grace Palmer; Ernan H. Smith; Agnes H. Smith; Carolyn Olsen, heir of Ruth T. Doxey, an heir of Sara Tanner; David Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Peggy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Daniel Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Doug Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Nancy Rhodes, heir of Zola T. Rhodes, an heir of Sara Tanner; Laura Macfarlane, heir of Norene Miller; and Craig Macfarlane, heir of Norene Miller, with respect to Sections 6 and 7.

4. Newfield, Crescent Point, Axia, QEP, Thomas Lee, and Andi Lee with respect to Sections 2 and 11; Newfield, Crescent Point, and Axia with respect to Sections 4 and 9; and Newfield, Crescent Point, Axia, QEP Energy Company, and Blue Diamond with respect to Sections 6 and 7 are "Consenting Owners" as that term is defined in Section 40-6-2(4) of the Utah Code.

5. Excepting the Jorgensen Well, Ute Tribal #13-9-4 Well, and Ute Tribal #14-9-4 Well, as of August 1, 2015, the Consenting Owners and Nonconsenting Owners are entitled to receive, subject to royalty or similar obligations, the share of production from a Subject Well applicable to his, her, or its proportionate interest in a drilling unit on a prospective "go-forward" basis, net of costs. As to the Jorgensen Well, Ute Tribal #13-9-4 Well, and Ute Tribal #14-9-4

Well, production from such wells shall continue to be allocated and administered in accordance with the 139-121 Order.

6. Operations incident to the drilling of a designated unit well upon any part of a drilling unit comprising the Subject Lands established by the 139-134 Order shall be deemed for all purposes to be operations upon each separately owned tract in the drilling unit.

7. The portion of production allocated or applicable to a separately owned tract within any drilling unit comprising the Subject Lands established by the 139-134 Order shall, when produced, be deemed for all purposes to have been produced from that tract by a well drilled on it.

8. The interests of all parties in this Cause subject to the jurisdiction of the Board, specifically including each Nonconsenting Owner, are pooled effective as of August 1, 2015, the effective date of the 139-134 Order as to the Spaced Interval beneath the Subject Lands. The Compulsory Pooling Orders shall remain in full force and effect as to any issues or claims covered thereby for the period prior to August 1, 2015.

9. Each owner of an interest within a drilling unit comprising the Subject Lands shall pay its allocated share of the costs incurred in drilling and operating an applicable Subject Well, including, but not limited to, the costs of drilling, completing, equipping, producing, gathering, transporting, processing, marketing, storage facilities, plugging and abandoning the well, reasonable charges for the administration and supervision of operations, and other costs customarily incurred in the industry, the accounting for which shall be governed by the terms of the JOA.

10. If there is any dispute about costs, the Board shall determine the appropriate costs.

11. An owner is not liable under this Order for costs or losses resulting from the gross negligence or willful misconduct of the Operator.

12. The 139-121 Order is hereby expressly modified, effective August 1, 2015, to pool the interests in the Velma Well on a 1,280-acre drilling unit basis in subject Sections 2 and 11. Effective August 1, 2015, production from the Velma Well is to be allocated on that 1,280-acre basis.

13. With the exception of the Jorgensen Well, the Ute Tribal #13-9-4 Well, and Ute Tribal #14-9-4 Well, payout of the applicable risk assessment award (non-consent penalty), including interest thereon, for the vertical and short-lateral sectional horizontal Subject Wells as imposed under the Compulsory Pooling Orders, is hereby deemed to have been achieved as to the Subject Wells effective August 1, 2015.

14. With the exception of the Jorgensen Well, the Ute Tribal #13-9-4 Well, and Ute Tribal #14-9-4 Well, as of August 1, 2015, the risk assessment award (non-consent penalty) imposed by the Compulsory Pooling Orders is hereby eliminated as being moot. Each Nonconsenting Owner's relinquished interest as provided under the Compulsory Pooling Orders shall revert to the Nonconsenting Owner, and the Nonconsenting Owner shall from August 1, 2015, forward own the same interest in the pertinent Subject Well and the production from it, and shall be liable for further costs of operation, as if such owner had participated in the initial drilling and completion operations of the pertinent well. Costs of operations of such well after August 1, 2015, attributable to a Nonconsenting Owner shall be paid out of the production from such well.

15. With the exception of the Jorgensen Well, the Ute Tribal #13-9-4 Well, and Ute Tribal #14-9-4 Well, as of August 1, 2015, the acreage-weighted average landowner's royalty attributable to each tract within a drilling unit as provided in Utah Code Ann. § 40-6-6.5(6)(a)(i) and to be paid to a Nonconsenting Owner as provided in the Compulsory Pooling Orders, shall be, and is, merged back into such Nonconsenting Owner's working interest and is terminated.

16. Newfield, as Operator of a Subject Well, shall furnish each Nonconsenting Owner owning an interest in an applicable Subject Well with a monthly statement regarding the Subject Well specifying: (i) the costs incurred; (ii) the quantity of oil or gas produced; and (iii) the amount of oil and gas proceeds realized from the sale of the production during the preceding month.

17. The interest rate as permitted by Utah Code Ann. § 40-6-6.5(4)(d)(iii) is set to the prime rate, as set by Wells Fargo Bank in Salt Lake City, plus 2%, or if Wells Fargo Bank ceases to exist or to report a prime rate, then the prime rate shall be the prime rate reported by a comparable bank operating in the State of Utah.

18. Each applicable Nonconsenting Owner shall pay its proportionate share of the net costs of plugging and abandoning each applicable Subject Well, which will be and is $75,000 per well.

19. In calculating the division of interest for each Nonconsenting Owner, the landowner's royalty shall be proportionately reduced in the ratio that the Nonconsenting Owner's interest bears to (a) the total interest in the tract and (b) further reduced in the ratio that the tract acres bear to the total acreage in the pertinent drilling unit.

20. Under any circumstances where a Nonconsenting Owner has relinquished its share of production to the applicable Consenting Owners or fails to take its share of production in-kind when it is entitled to do so, the Nonconsenting Owner is entitled to an accounting of the oil and gas proceeds applicable to its share of production; and payment of the oil and gas proceeds applicable to that share of production not taken in-kind, net of costs.

21. The terms and conditions of the JOA as identified in Finding of Fact No. 25 herein shall control the relationship of the Consenting Owners and Nonconsenting Owners as to all matters not expressly identified in this Order and to the extent they are not inconsistent with this Order. In the event any of the terms of the JOA shall conflict with the terms of this Order or Utah Code Ann. § 40-6-6.5, the terms of the statute or this Order, as applicable, shall control.

22. The Compulsory Pooling Orders are hereby modified to the extent necessary to make such orders conform to the 139-134 Order and the Order entered in this Cause. If there are any inconsistencies or conflicts with the Order entered in this Cause and the Compulsory Pooling Orders, the Order entered in this Cause shall govern; otherwise, the Compulsory Pooling Orders remain in full force and effect.

23. Pursuant to U.A.C. Rules R641 and Utah Code Ann. §§ 630-4-204 to -208, the Board has considered and decided this Cause as a formal adjudication.

24. This Findings of Fact, Conclusions of Law, and Order ("Order") is based exclusively on evidence of record in the adjudicative proceedings or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, all as required by the Utah Administrative Procedures Act, Utah Code Ann. § 630-4-208 and U.A.C. Rule R641-109.

25. Notice re Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: The Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order is issued. Utah Code Ann. §§ 630-4-401(3)(a) and -403. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies all parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 630-4-302, entitled "Agency Review-Reconsideration," provides:

> (l)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 630-4-301 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.
>
> (b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.
>
> (2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.
>
> (3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.
>
> (b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Id. The Board also hereby notifies all parties that Utah Administrative Code Rule R641-110-100, which is part of a group of Board rules entitled, "Rehearing and Modification of Existing Orders," states:

> Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

Id. See Utah Admin. Code R641-110-200 for the required contents of a petition for rehearing.

If there is any conflict between the deadline in Utah Code Ann. § 63G-4-302 and the deadline in Utah Admin. Code R641-110-100 for moving to rehear this Cause, the Board hereby rules that the later of the two deadlines shall be available to any party moving to rehear this Cause. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

26. The Board retains continuing jurisdiction over all the parties and over the subject matter of this Cause, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this Order by the Utah Supreme Court.

27. For all purposes, the Chairman's signature on a faxed or electronic copy of this Order shall be deemed the equivalent of a signed original.

DATED this _____ of June, 2016.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

By: _____
Ruland J Gill, Jr., Chairman

TWC:kt
1125.04